

Capitalization & Associated Ratios

(US\$thou)	American Water (AW) 12/31/01	American Water (AW) 12/31/05
Debt		
Debt with RWE	\$0	\$2,182,890
Other public / private debt	\$2,716,106	\$2,183,739
Notes payable (revolver)	\$414,083	\$361,063
Other preferred equity	\$30,474	\$25,224
Total Debt	\$3,160,663	\$4,752,916
Equity		
Common equity	\$1,758,018	\$2,609,458
Preferred equity held by RWE	\$0	\$1,750,000
Other preferred equity	\$7,268	\$4,571
Total Equity	\$1,765,286	\$4,364,029
Total Capitalization	\$4,925,949	\$9,116,945

Credit Statistics

Funds from Operations	\$360,921	\$463,485
FFO Interest Coverage	1.9x	2.2x
FFO / Total Debt (ending)	11.4%	9.8%
Pretax Interest Coverage	2.4x	2.2x
Total Debt / Book Capitalization	64.2%	52.1%
Total Debt (ending)/ EBITDA	4.9x	6.9x
EBITDA Interest Coverage	3.3x	3.3x

S&P Benchmarks					
FFO to Interest		FFO to Debt %		Debt to Capitalization %	
A	BBB	A	BBB	A	BBB
2.0 - 3.0	1.0 - 2.0	12 - 20	8 - 12	52 - 58	58 - 68

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EVIDENCE

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